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TO AMEMBASSY SOFIA IMMEDIATE

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TAGS: BEXP, BTIO, BU

SUBJ: INFORMATION REQUESTED FOR AMBASSADOR'S MEETING WITH

GOB MINISTER OF METALLURGY STAMENOV

REF : SOFIA 0853 AND 0861

FROM: BEWT/TDAD FOR AMBASSADOR

1. BACKGROUND - BULGARIA HAS NOT BEEN A LARGE PURCHASER
OF AMERICAN TECHNOLOGY AND EQUIPMENT IN THE METALLURGICAL
SECTOR, ALTHOUGH A CONSIDERABLE NUMBER OF U.S. COMPANIES
HAVE TRIED TO SELL THERE. SOME FEW HAVE GONE TO GREAT
EXPENSE TO PREPARE PROPOSALS, ONLY TO HAVE BULGARIAN
INTEREST EVAPORATE WHEN THE REALITIES OF THE COSTS
INVOLVED BECAME CLEAR TO THEM. FOR EXAMPLE: KAISER
ENGINEERS PREPARED A COMPLETE PROJECT PLAN AND PROPOSAL
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FOR THE FOURTH METALLURGICAL COMPLEX STEEL PROJECT,
WHICH WAS THEN DROPPED. THEY ALSO PRESENTED PROPOSALS
FOR A NEW CEMENT PLANT, FOR ENVIRONMENTAL CONTROL SYSTEMS
FOR AN EXISTING CEMENT PLANT, FOR AN IRON ORE BENEFICIATING
PLANT, FOR A SHIPBUILDING LINE AT BURGAS, AND ALL OF
THESE CAME TO NAUGHT. THEY DID WIN A 200,000 DOLLARS
CONTRACT TO STUDY BULGARIAN OIL SHALES, BUT THE PROPOSED

PLANT HAS YET TO BE BUILT. KAISER BELIEVES BULGARIA'S PURCHASING SYSTEM IS GEARED ONLY TO BUYING EQUIPMENT, NOT ENGINEERING SERVICES, AND THEY WOULD BE PLEASED TO HEAR OF ANY CHANGE OF HEART. THE MORAL IS THUS THAT BULGARIAN ORGANIZATIONS WILL HAVE TO PROVIDE REALLY CONVINCING EVIDENCE OF THEIR EARNEST DESIRE TO CARRY THROUGH WITH PURCHASES OF TECHNOLOGY, TECHNICAL ASSISTANCE, AND EQUIPMENT. ON THE OTHER HAND TOO MANY AMERICAN FIRMS, ADMITTEDLY, FEEL THAT THE BULGARIAN MARKET IS TOO SMALL, AND THAT THE TRUE POTENTIAL FOR SALES IS SO SLIGHT THAT LITTLE EFFORT OR MONEY IS SPENT TO EXPLORE IT. FOR ALL THESE REASONS, WE ESPECIALLY WELCOME THIS OPPORTUNITY TO BE OF ASSISTANCE IN BRINGING BULGARIAN ORGANIZATIONS INTO DIRECT CONTACT WITH AMERICAN ENGINEER AND MANUFACTURERS.

2. REFERENCE PARAGRAPHS TWO AND THREE OF REFTEL, BEWT/ TDAD LOOKS FORWARD TO WORKING WITH THE EMBASSY TO ELICIT, INTERPRET, AND TRANSMIT BULGARIA'S NEEDS TO APPROPRIATE AMERICAN INDUSTRIES, AND INDIVIDUAL COMPANIES THAT CAN RESPOND EFFICIENTLY. OUR ABILITY TO ASSIST WILL BE IN DIRECT RELATION TO THE DEGREE OF PRECISION WITH WHICH THE BULGARIAN AUTHORITIES AND POTENTIAL END-USERS CAN SPECIFY THEIR NEEDS. WE SHALL USE THE INDICATIONS IN PARA THREE REFTEL TO GIVE EXAMPLES OF THE KINDS OF INFORMATION WHICH WOULD BE USEFUL IN PIN-POINTING POSSIBLE LIMITED OFFICIAL USE

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SUPPLIERS AND FIRMS WHICH COULD COOPERATE.

3. TECHNOLOGY AND EQUIPMENT FOR - PROCESSING OF FERROUS AND NON-FERROUS METALS: AS IT STANDS, THIS ENCOMPASSES A VERY LARGE PART OF AMERICAN INDUSTRY - THE PROCESSING OF ALL METALS. WE WOULD HAVE TO KNOW THE FOLLOWING:

A) SPECIFIC APPLICATIONS, I.E. WHAT INDUSTRIES ARE INVOLVED, SAY THE AUTOMATIVE, HOUSEHOLD APPLIANCE, EARTHMOVING OR OIL-FIELD EQUIPMENT, BUILDING, CANNING, ETC., AND THEN WHICH PARTICULAR PART OF THE INDUSTRIES ARE TO RECEIVE ATTENTION AND INVESTMENT. EG: IN THE AUTO INDUSTRY IS IT TO BE TECHNOLOGY AND EQUIPMENT FOR ENGINE CYLINDER BLOCKS, OR STARTER MOTORS, OR SHEET METAL PRESSES FOR FORMING BODY PANELS, ETC.- AMERICAN INDUSTRY-IS-TREMENDOUSLY SPECIALYZED, AND IF AMERICAN BULGARIANS CAN TELL US EXACTLY WHAT THEY WANT, WE CAN PUT THEM IN TOUCH WITH THE MAJOR SUPPLIERS OF JUST THAT PRODUCT OR SERVICE.

B) CAPACITIES, I.E. HOW LARGE A PRODUCTION FACILITY DO THEY WANT IN TERMS OF TONS OR UNITS TO BE PRODUCED

PER YEAR, OR AMOUNT TO BE LIFTED OR CARRIED AS IN THE CASE OF MINING LOADERS OR TRUCKS EG A TEN TON LODER OR A 150 TON CAPACITY DUMP TRUCK; OR THE SIZES OF MACHINERY REQUIRED I.E. A 50,000 TON HYDRA HYDRAULIC PRESS. IN THE ALUMINUM INDUSTRY FOR EXAMPLE, HOW MUCH ALUMINA DO THEY WANT TO PRODUCE PER YEAR, THEN HOW MUCH ALUMINUM INGOT, AND HOW WIDE AND INTO WHAT SIZE COILS WOULD THEY LIKE TO HAVE THEIR ROLLING MILL ROLL SHEET, AND HOW MUCH OF IT IS PLANNED FOR WHAT THICKNESSES, I.E. FOR USE IN AIRPLANES, BOATS, SIDING ON HOUSES, OR FOR ALUMINUM CANS, ETC?

C) IS THE EXPLORATORY DRILLING EQUIPMENT TO BE USED TO EXPLORE NEAR-SURFACE MINERAL DEPOSITS, WHERE VERY LIMITED OFFICIAL USE

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SMALL INEXPENSIVE A-FRAME DRILL-RIGS CAN BE USED, OR ARE EXTENSIVE EXPLORATION PROGRAMS PLANNED WHICH WOULD REQUIRE A NUMBER OF TRUCK-MOUNTED MEDIUM-DEPTH DRILLINDRILL RIGS, OR ARE THEY TALKING ABOUT HUGE OIL-FIELD SIZE DRILL RIGS, AND IF SO FOR WHAT DEPTHS OF EXPLORATION.

D) THE DIMENSIONS OF THE END PRODUCT PROVIDE A VERY USEFUL GUIDE TO THE SIZE OF THE EQUIPMENT OR MACHINERY REQUIRED, I.E. A MILL TO MAKE COPPER TUBING FOR HOUSE-HOLD PLUMBING IN SIZES UP TO SAY .3 CENTIMETERS INSIDE DIAMETER AND SUCH AND SUCH A WALL THICKNESS, AND HENCE TO THE FIRMS WHO MAKE MACHINERY IN THAT RANGE. FOR THE SHOPED IRON, DO THEY WANT TO MAKE RAILROAD RAILS OR I BEAMS FOR STRUCTURAL USE. IS THE TUBING TO BE FOR HYPODEMIC NEEDLES, OR ELECTRICAL CONDUITS, OR FOR USE IN BOILERS ETC. THIN WALLED PRODUCTS, LIKE CONDUIT CAN BE EITHER SEAM-WELDED FROM COILED SHEET OR EXTRUDED AS SEAM LESS TUBE DEPENDING UPON THE PARTICUL APPLICATI SPECIFICATIONS REQUIRED FOR THE PARTICULAR APPLICATION, THE SIZES NEEDED ARE VERY IMPORTANT.

E) THE SPECIFICATIONS OF THE RAW MATERIALS WILL SUGGEST WHICH PROCESSES APPLY AND HENCE WHICH FIRMS TO APPROACH, EG THE FRASCH PROCESS FOR THE UNDER GROUND MINING OF SULFUR IS TOTALLY UNRELATED TO THE TECHNIQUES FOR THE UNDERGROUND MINING OF COAL, WHERE IT WOULD BE ESSENTIAL TO KNOW THE THICKNESS OF THE SEAMS, WHETHER

THEY WERE LEVEL OR SLANTED, IN WET OR GASEOUS AREAS, ETC. SIMILARLY, ORE-DRESSING TECHNOLOGY DIFFERS TREMENDOUSLY FOR VARIOUS IRON ORES, BAUXITES, COPPER LIMITED OFFICIAL USE

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LEAD, NICKEL OR OTHER ORES, WHERE NOT ONLY THE CONCENTRATION OF THE DESIRED METAL IS IMPORTANT, BUT ALSO THE PERCENTAGES OF THE OTHER ELEMENTS IN THE ORE TO BE DISCORDED OR ROLVAGED.

4. WE GREATLY APPLAUD THE MINISTRY'S PLANS TO CONSULT WITH SPECIALIZED AMERICAN FIRMS ON ENGINEERING PROJECTS FOR ENVIRONMENTAL PROTECTION, AND IF THEY WILL INDICATE WHICH MEDIA ARE INVOLVED, BE IT AIR OR WATER POLLUTION, AND WHICH EFFLUENTS ARE OF CONCERN, I.E. WASTES FROM A PAPER MILL OF SO AND SO MANY HUNDRED THOUSAND TONS PER YEAR CAPACITY, OR SMOKE FROM AN IRON FOUNDRY OF SUCH AND SUCH A SIZE, WE CAN EASILY PUT THEM IN TOUCH WITH THE RIGHT SPECIALISTS. SIMILARLY, THEY COULD CORRESPOND WITH OR VISIT EXPERTS IN THE DEPARTMENT OF ENERGY OR PRIVATE COMPANIES DEVELOPING THE TECHNOLOGY AND EQUIPMENT FOR ECONOMICALLY OBTAINING OIL FROM VARIOUS GRADES OF SHALE, AND MAKING EFFICIENT USE OF LOW-GRADE COOL DEPOSITS.

5. AGAIN, QUALITY CONTROL AND MEASURING EQUIPMENT SPANS THE ENTIRE SPECTRUM OF AMERICAN INDUSTRY, AND EACH HAS DEVELOPED THE TECHNOLOGY AND EQUIPMENT NEEDED TO MEET THE APPROPRIATE INDUSTRY AND MARKET STANDARDS, BE THEY AMERICAN OR INTERNATIONAL. WE SHALL NEED A GREAT DEAL MORE INFORMATION ON WHAT INDUSTRIES ARE INVOLVED, AND WHAT THEIR OBJECTIVES ARE, IN ORDER TO STEER THE BULGARIANS TO THE RIGHT SUPPLIERS.

6. IN CONCLUSION, WE REPEAT OUR DELIGHT THAT MINISTER STAMENOV PLANS CLOSER COOPERATION WITH THE EMBASSY IN ESTABLISHING CONTACT WITH U.S. FIRMS. WE HOPE EMBASSY WILL PROMISE USDOC'S FULL COOPERATION, AND WILL BE ABLE TO CONVINCE THEM TO SET DOWN THEIR DESIRES IN THE VERY GREATEST POSSIBLE DETAIL. IF WE KNOW EXACTLY WHAT THEY WANT, WE CAN QUICKLY FIND THE RIGHT SUPPLIER OR

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ENGINEERING FIRM, AND THESE WILL BE RESPONSIVE IF THEY COME TO BELIEVE THERE IS REAL SALES POTENTIAL WITHIN A REASONABLE PERIOD OF TIME. VANCE

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